

NEVADA COURTS MINIMUM ACCOUNTING STANDARDS



**Version 3.0
January 2012**

**Administrative Office of the Courts
Administration Division
Audit Unit**

www.nevadajudiciary.us

MINIMUM ACCOUNTING STANDARDS

Background

The purpose of the revised Minimum Accounting Standards (MAS) is to provide the courts with a policy defining requirements for a court's financial operations and internal accounting and financial management controls. The policy represents generally accepted accounting practices. Courts will use MAS as the policy to develop their individual procedures for internal controls to ensure separation of duties to help prevent misappropriation of public funds or other associated crimes. The court's procedures will also establish means for ensuring the reliability of the court's records and detection of errors.

The Minimum Accounting Standards represent the standards that *must* be addressed by every Court, whether the particular standard is applicable to that Court's functions or not. As they are minimum standards, it is anticipated that Courts may impose more stringent requirements on their operations in their procedures.

The Nevada Supreme Court originally ordered the Minimum Accounting Standards (MAS) for Nevada's justice and municipal courts in February 1997. Several recommendations from the Legislative Council Bureau, the Nevada Judicial Collections Task Force, and the Judicial Council of the State of Nevada (JCSN) prompted the Minimum Accounting Standards, Version 2.0 to be completed by the Supreme Court as well as all district, justice, and municipal courts in the state per the Supreme Court order dated October 2, 2006. The order instructed all Nevada district, justice, and municipal courts throughout the state including the Supreme Court to submit their completed copy of the revised MAS checklists as of December 1, 2006, and annually thereafter.

In order to implement recommendations from the Legislative audit, the Supreme Court hired a Judicial Branch Auditor in October 2006 and a second auditor in September 2009. At the request of the State Court Administrator, a workgroup was started in October 2009 to review the MAS checklist. The initial goal of the workgroup was to clarify checklist items and to streamline the checklist for easier use by the courts.

On November 3, 2009, the Supreme Court issued an order suspending the required MAS checklist submissions for one year. The result of the suspension was two-fold, as it has allowed the MAS workgroup meetings to discuss the current version of MAS, and has also provided the courts a much needed break to address internal control concerns noted during checklist reviews and their triennial audits.

The November 3, 2009 order also modified the submission requirements from an annual submission to biennial submissions, alternating years so that half the courts must submit their checklists by December 1, 2011, and each odd-numbered year thereafter, and half by December 1, 2012, and each even-numbered year thereafter.

MINIMUM ACCOUNTING STANDARDS

On June 29, 2011, the Supreme Court issued a second order suspending the biennial checklist submissions and the triennial audits indefinitely beginning in calendar year 2011. This order was to assist the workgroup and the Administrative Office of the Courts (AOC), Audit Unit with finalizing the MAS.

During the process of reviewing the MAS checklist for revisions and simplification, the workgroup ascertained several key issues that have required a shift from their original goal:

1. The courts' responses to the MAS checklist were not of great help in assisting the courts to develop policies and procedures.
2. The checklists were uniformly disliked by the courts and so were given low priority.
3. The checklists were not effective in accomplishing the results anticipated in the original audits, because of a lack of understanding of the terminology and the lack of resources for follow-through and training.
4. The checklists created additional unnecessary burdens on the auditors who often had to engage in numerous follow-up communications to obtain responses from the courts.
5. The independent audits were inconsistent, with some very good, but most not responsive to the needs of the Administrative Office of the Courts' auditors.
6. Policies and procedures when adopted by individual courts were often inadequate to address the standards needed.

As a result of consideration of these issues, the workgroup presented a proposal to the Judicial Council of the State of Nevada for an alternative to the MAS submission requirements. The Supreme Court adopted this proposal on January 13, 2012. Accordingly, pursuant to the Supreme Court's order, all courts in the state will follow the new procedure outlined here and in the instructions.

The Order provides:

- A. MAS shall be considered as the policy the courts in the state *must* follow to develop internal financial controls and recordkeeping.
- B. All courts must adopt written procedures to implement this policy within their courts. The Best Practice Guide functions as model procedures that can assist the courts in implementing the MAS policy.

MINIMUM ACCOUNTING STANDARDS

- C. Courts must submit their written procedures electronically, to the AOC Audit Unit no later than **December 31**, in the first year established for their submission in the Supreme Court's Order. No extensions will be granted. If any material procedural changes occur during the biennium, the court shall submit revised written procedures electronically within **60 days** of the change. After the initial submission, courts will submit verification every two years that their procedures are consistent with their current practices and are, in fact, being followed.
- D. Assistance will be given to courts failing to submit their procedures or submitting deficient procedures by the AOC auditors. Corrective measures and implementation of any recommendations for action must be addressed in writing, and submitted electronically, to the AOC auditors, no later than **60 days** from receipt of notice of requirement for action.
- E. All courts shall be audited by an independent auditor every four years on a rotating basis established by the AOC auditors. The independent auditor must use the checklist developed by the AOC and the working group and provide an audit of all items on the checklist. The individual court is responsible for contracting with an independent auditor. Corrective measures for any deficiencies noted in these audits and implementation of any recommendations for action must be addressed in writing, and submitted electronically to the AOC auditors no later than 60 days from the date the court receives the final audit report from the independent auditors, or by no later than **December 31**, in the year in which the audit was performed. No extensions will be granted for the submission of the four-year audit to the AOC.
- F. The Supreme Court recognizes and adopts the Audit Charter Statement as part of its Order and requires compliance by the courts with the reporting requirements. Pursuant to this Charter, the AOC auditors shall be given full access to any of the judiciary's records, physical properties, and personnel relevant to the performance of an audit.

The revised process will significantly reduce the time required by courts in implementing MAS. More importantly, this process will raise the level of accountability and responsibility in dealing with financial matters facing the court, thus promoting a high level of public trust in the judiciary.

MINIMUM ACCOUNTING STANDARDS

Instructions

1. Development of written procedures

All courts shall develop written procedures for implementation of the Minimum Accounting Standards (MAS) policy within their courts. Written procedures are required for all individual operations (e.g., juror payment offices, clerk of the court, separate operations for family and criminal/civil) within the court's jurisdiction.

2. Reporting requirements

On the submission schedule contained in the Supreme Court's Order dated January 13, 2012, courts shall submit a copy of their written procedures electronically to the AOC Audit Unit no later than **December 31** of the scheduled year. Thereafter, on the biennial schedule, courts shall submit written verification electronically, that their written procedures are current with their court practices, and that they are being followed by the court.

The Supreme Court Order has established the following submission schedule for biennial written procedures submissions and four-year independent audits:

Beginning in **December 2012**, and each even-numbered, calendar year thereafter, all district, justice, and municipal courts in Carson, Storey, Washoe, Lyon, Churchill, Elko, Lander, Pershing, Humboldt, and Douglas counties (40 courts) identified as **group 1**, shall submit their written procedures or verifications to the AOC Audit Unit.

Beginning in **December 2013**, and each odd-numbered, calendar year thereafter, all district, justice, and municipal courts in Nye, Esmeralda, Mineral, Lincoln, Eureka, White Pine, and Clark counties including the Supreme Court (37 courts) identified as **group 2**, shall submit their written procedures or verifications to the AOC Audit Unit.

Beginning in **December 2014**, and every four years thereafter, all district, justice, and municipal courts in Carson, Storey, Washoe, Lyon, Churchill, Elko, Lander, Pershing, Humboldt, and Douglas counties (40 courts) identified as **group 1**, shall submit their four-year, independent audits to the AOC Audit Unit.

Beginning in **December 2015**, and every four years thereafter, all district, justice, and municipal courts in Nye, Esmeralda, Mineral, Lincoln, Eureka, White Pine, and Clark counties including the Supreme Court (37 courts) identified as **group 2**, shall submit their four-year, independent audits to the AOC Audit Unit.

MINIMUM ACCOUNTING STANDARDS

The AOC Audit Unit may adjust the time for the four-year audits within each four-year period to stagger the submission/completion dates.

The written procedures shall be accompanied by an acknowledgement form, signed by the chief judge of the court or by all judges in a court with no chief judge, and by the person responsible for conducting the review, attesting that the court has compared the court's procedures with MAS and that the procedures are in compliance with MAS. The AOC Audit Unit shall provide the acknowledgement form to the courts. The subsequent biennial verifications shall be signed by the chief judge of the court or by all judges in a court with no chief judge, attesting that the procedures are consistent with the current practices of the court and that the court is following the procedures. The AOC Audit Unit shall provide the verification form to the courts.

3. Material modification of a court's processes

In the event a court materially modifies its processes (e.g., begins accepting internet payments, implementation of a new case management system, begins accepting debit/credit card payments, implements collection processes), the court shall provide modified written procedures addressing the modification electronically within **60 days** of making the change to the AOC Audit Unit.

4. AOC audits

Courts shall submit to audits by the AOC Audit Unit upon request. The Audit Unit may also conduct audits at its discretion at any time.

If the AOC Audit Unit requires any corrective action because of noted deficiencies in procedures of a court, or makes any recommendations following an audit of the court, the court shall submit written procedures addressing the required actions electronically to the AOC Audit Unit within 60 days from receipt of the notice of action.

5. Independent audits

Courts shall contract with an independent auditor acceptable to the AOC Audit Unit once every four years on a schedule developed by the AOC Audit Unit. The four-year independent audit shall be completed by a certified public accountant (CPA) licensed by the Nevada State Board of Accountancy or a certified internal auditor (CIA) licensed by the Institute of Internal Auditors, or under the direction of a CPA or CIA.

MINIMUM ACCOUNTING STANDARDS

Additionally, the four-year independent audit shall be performed in accordance with the American Institute of Certified Public Accountants, Codification of Professional Standards, AT Section 201, Statements on Standards for Attestation Engagements (SSAE) No.10 and No.11, Agreed-Upon Procedures Engagements. This includes using the AOC Audit Unit, Guide for External Auditors and the MAS checklist developed by the AOC Audit Unit for conducting the audit.

The independent auditor shall follow all procedures as identified and published by the AOC Audit Unit, Guide for External Auditors. This shall include a review of the court's accounting records, procedures, automated financial management system records, and internal controls in order to make certain determinations as identified by the guide.

The final report issued by the independent auditor must follow the format as requested by the AOC Audit Unit, Guide for External Auditors and shall contain the elements described in the Codification of Statements on Auditing Standards, AT 201.31.

Upon completion of the independent audit, the auditor shall deliver the final audit report to the court within 90 days after the audit is completed. The court shall address the independent auditor's recommended corrective action and recommendations for improvement. The final audit report, completed MAS checklist, and the court's action plan addressing corrective measures and recommendations shall be submitted by the court to the AOC Audit Unit within 60 days after receipt of the final audit report, or by no later than **December 31**, in the year in which the audit was performed. All submissions shall be remitted electronically or sent through US Mail.

If the court's action plan addressing corrective measures affects its written procedures, the court must also submit updated written procedures electronically to the AOC Audit Unit addressing the required actions within **60 days** from receipt of the final audit report received from the independent auditor.

If a court has any other audits beyond the mandatory four-year independent audit, the court shall provide copies of all reports, findings, and evaluations to the AOC Audit Unit electronically or through US Mail within **60 days** from receipt of the final audit report.

6. Assistance with audits and access to records

Courts shall provide the independent auditor and the AOC auditors open access to all the judiciary's records, physical properties, and personnel relevant to the performance of an audit. If necessary, these items shall be produced at the offices of the Supreme Court, AOC Audit Unit, or independent auditor upon request.

MINIMUM ACCOUNTING STANDARDS

7. Reporting Suspected Suspicious Activity and Known Fraudulent Activity

In the event court staff has any concerns or suspects any type of suspicious and/or fraudulent activity may be occurring in their daily activities or they have knowledge of suspicious activities, the staff should immediately contact their immediate supervisor and/or the court's administrative heads regarding their concerns. The administrative heads should be made aware of the facts and concerns regarding the suspicious activity identified leading them to believe fraud may be occurring for an investigation to begin. The courts administrative heads will subsequently notify the State Court Administrator.

The following is a notification sample that can be utilized by all courts and remitted to the State Court Administrator:

Case Reference: 01-Year

To State Court Administrator:

Please be advised that (**Court Name**) has initiated an internal investigation on Month/Date, 201X, into potential fraudulent activities by (**Position**).

Disposition Explanations:

A) Please be advised that (**Court Name**) has concluded an internal investigation into potential fraudulent activities by (**Position**). It was determined that the (**Position**) was not responsible for fraudulent activities.

OR

B) Please be advised that (**Court Name**) has concluded an internal investigation into potential fraudulent activities by (**Position**). It was determined that the (**Position**) was responsible for fraudulent activities. There is sufficient proof to affirm embezzlement (or additional reasons) of court funds in the amount of \$____.00.

If applicable, the court may include any discipline that was administered, and/or if the investigation case notes have been forwarded to the District Attorney's office for review. If multiple internal investigations are in progress, the court should reference each instance individually utilizing the following case referencing: 01-Year, 02-Year, and 03-Year.

Any questions concerning a court's requirements under these instructions should be addressed to the AOC Audit Unit at auditor@nvcourts.nv.gov.

MINIMUM ACCOUNTING STANDARDS

Section 1 - Written Procedures

These MAS standards shall be the Policy used by each court in the state. The court should establish an accounting system that is organized and efficient. This includes being able to provide sufficient documentation for audit purposes. The court's accounting system should provide an efficient accumulation, recording, and reporting of all transactions. It must also allow for adequate separation of duties including authority and responsibility of its staff. Ultimately, the purpose of the court's accounting system whether manual or computerized is to provide accurate reporting of all court transactions which includes methods of detecting errors and fraud. Each of the court's processes shall be documented in its written procedures in detail.

General

- 1.1) The court must maintain detailed, written procedures addressing their operating practices and the items contained in this section and throughout the Minimum Accounting Standards. Any items/sections of the MAS, which are not applicable to the court's operations should be addressed as such in the court's written procedures. Alternative control procedures used by the court to satisfy standards contained in this document should be included in the court's written procedures.
- 1.2) The court's written procedures should include separation of duties including authority and responsibility of its staff as well as the items listed below in addition to addressing the standards identified in this document:
 - a) Payment handling and receipting procedures for all manual and computerized systems utilized by the court that demonstrate compliance with MAS, including:
 - i) Types of payments accepted by the court;
 - ii) Individuals/positions responsible for payment handling and receipting;
 - iii) Individuals/positions involved with voiding receipts.
 - b) Disbursement procedures for all manual and computerized systems utilized by the court that demonstrate compliance with MAS, including:
 - i) A description of each type of disbursement that is made [e.g., vendor claim, trust account refunds, overpayment refunds, juror payments, court ordered payments, employee travel costs, and monthly payments to local and state governments];

Supreme Court of Nevada
ADMINISTRATIVE OFFICE OF THE COURTS

MINIMUM ACCOUNTING STANDARDS

- ii) Individuals/positions who have authority to approve (sign or otherwise authorize payment);
 - iii) Individuals/positions who have the authority to disburse each type of payment;
 - iv) The local government's involvement in the court's disbursement process.
- c) Enforcement of court-ordered fine and fee procedures for manual and computerized systems utilized by the court that demonstrate compliance with MAS, including:
- i) The court's methods of enforcement of fines and fees owed;
 - ii) The offering of jail time or community service in lieu of payment;
 - iii) Payment plan offering including associated plan fees;
 - iv) Wage garnishment and property seizure procedures.
- d) Trust and bond procedures that demonstrate compliance with MAS, including:
- i) The type of trust money and bonds accepted by the court;
 - ii) Individuals/positions handling these accounts;
 - iii) Tracking of funds;
 - iv) Individuals authorized to refund trust and bond money.
- e) Bank account procedures for all manual and computerized processes used by the court that demonstrate compliance with MAS, including:
- i) Who has control over the account (court and/or local government);
 - ii) The court's involvement with the account(s) and the local government's involvement with the account(s) [e.g., whose name is the account in];
 - iii) Circumstances in which bank accounts will be opened/closed, including specific individuals who have authority;
 - iv) How accounts are collateralized [e.g., through the local government or Nevada pooled collateral];
 - v) Frequency of bank deposits;
 - vi) The length of time before stop payment procedures are set into motion;
 - vii) Individuals/positions responsible for bank account reconciliations and independent verifications.

MINIMUM ACCOUNTING STANDARDS

- f) Financial management procedures for all manual and computerized processes used by the court that demonstrate compliance with MAS, including:
 - i) Individuals/positions responsible for posting information to the court's management ledgers/journals;
 - ii) Individuals/positions responsible for posting information to the general ledger [e.g., court staff members/local government].
- g) Computer access and security for all manual and computerized processes used by the court that demonstrate compliance with MAS, including:
 - i) Password changes and frequencies for all systems used by the court [e.g., manual changes and system prompted changes];
 - ii) Applicability of the payment card industry standards (PCI-DDS), including the retention of the self-assessment questionnaire and the individuals or local government staff responsible for completing the self-assessment questionnaire annually.
- h) General administrative security and key controls for all manual and computerized processes used by the court that demonstrate compliance with MAS, including:
 - i) The individuals responsible for changing locks/combinations;
 - ii) Storage and access to duplicate keys;
 - iii) Maintenance of a personnel key log/listing showing individual employee access to locations where payments, disbursements, and operating funds are secured;
 - iv) Procedures followed when court staff separate from employment with the court.
- 1.3) Written MAS procedures should be provided and readily available to all court staff and individuals who are involved with court operations.
- 1.4) The court must maintain evidence that written MAS procedures are provided to its staff/local government, as applicable. Acceptable evidence would be:
 - a) Copies of emails evidencing distribution of information, and/or
 - b) Written acknowledgement forms from court staff evidencing they have received/read the written procedures.

MINIMUM ACCOUNTING STANDARDS

- 1.5) The court shall review and update their detailed, written MAS procedures at least once every two years to correspond with their biennial submissions or if changes to procedures occur, the court shall update the information within **60 days** of the date of the effective change. [Refer to the **Instructions** for additional information.]
- 1.6) All written MAS procedures must contain the version number and date on each page. [e.g., Version X.X, effective MM/DD/YYYY]
- 1.7) All updates to the written MAS procedures should contain an updated version number and the revision date.

Section 2 – Payment Handling and Receipting

- 2.1) The court must post the payment procedures that are applicable to customers at a conspicuous location at the court.
 - a) If the court does not post this information, it should be readily available for review by the public [e.g., court’s website and/or the local government website].
- 2.2) The court’s payment receipting procedures must contain the following information:
 - a) Types of payment accepted [e.g., cash, credit/debit card, personal check, cashier’s check, money order, traveler’s check, third party checks];
 - b) The court’s policy on issuing payment receipts [e.g., a receipt should be issued for every payment made in person, all mail payments will be issued a receipt upon request];
 - c) The receipt issued by the court is proof of the payment made;
 - d) Verbiage concerning the court’s returned check policies (if checks are accepted);
 - e) Procedures concerning the acceptance of personal checks and debit/credit card payments [e.g., valid identification shall be presented with all personal check and debit/credit cards presented for payment].
- 2.3) Upon receipt, court staff should inspect cash payments for counterfeit bills. [e.g., examination may consist of reviewing the bills for valid identifiers, utilizing a counterfeit pen, and/or utilizing a counterfeit infrared machine.]

MINIMUM ACCOUNTING STANDARDS

- 2.4) All check payments [e.g., personal, business, money order, cashier check, traveler's check] received by the court should contain the following information:
- a) Date;
 - b) Payable to the court or local government (as applicable);
 - c) Dollar amount of payment both numeric and written;
 - d) Signature of the presenter on the face of the instrument.
- 2.5) The court should ensure third party checks (if accepted) are properly completed, and contain the following information:
- a) Date;
 - b) Payable to the court;
 - c) Dollar amount of payment both numeric and written;
 - d) Signature on the face of the instrument;
 - e) Signature of the individual presenting the check.
- 2.6) Court staff should endorse all checks received immediately with the court's bank endorsement stamp. At a minimum, endorsement should occur before checks are counted and remitted to the local government treasurer/bank. If the court electronically scans instruments as required by their local government, the court must ensure instruments are properly handled to prevent the potential for misappropriation.
- 2.7) The court's bank endorsement stamp should contain the following information:
- a) Name of the court or local government as applicable;
 - b) Bank account information;
 - c) The statement "For Deposit Only".
- 2.8) If the court takes debit/credit card payments through an electronic credit card-processing system/reader [i.e., point of sale system], court staff should process a customer's credit card payment with that automated system/reader. If an electronic credit card-processing system/reader (point of sale system) is not used, court staff must manually document the credit card information using a carbon copy, manual credit card processing machine.

MINIMUM ACCOUNTING STANDARDS

- 2.9) The court shall follow all Internal Revenue Service policies and procedures regarding the receipt of cash bail greater than \$10,000. This includes completing and submitting the appropriate IRS forms.

[All courts in the State of Nevada are considered “state courts” as identified by Article 6, Section 1 of the Nevada Constitution, which states, “The judicial power of this State shall be vested in a court system, comprising a Supreme Court, district courts, and justices of the peace. The Legislature may also establish, as part of the system, courts for municipal purposes only in incorporated cities and towns.”]

Mail Payments

- 2.10) All payments received through the mail should be immediately opened and endorsed by court staff with the court’s bank endorsement stamp.
- 2.11) Upon receipt, court staff should process all payments received through the mail in the same business day. If processing cannot occur within the same business day, the court must process all mail payments no later than five business days after receipt.
- 2.12) All mail payments received, but not processed immediately due to time and staffing constraints, must be properly secured in a locked safe/vault/cash drawer until they can be properly recorded in the cash receipts journal, case files, and/or an automated case management system.
- 2.13) Appropriate separation of duties must be followed when the court receives mail payments. This should include involvement of two separate court employees. One court staff member should open and endorse checks received. A second court staff member should record payments in the cash receipts journal and case files, and/or the automated case management system (depending on the courts operations) and generate a payment receipt.

Manual and Computerized Receipting Requirements

[NOTE: If the court uses a hybrid of manual receipting and an automated case management system, both sets of procedures must be followed.]

- 2.14) Manual and computerized payment receipts must contain different numbering schemes.
- 2.15) If the court utilizes an automated case management system, manual receipts should only be used when the case management system is inoperable.

MINIMUM ACCOUNTING STANDARDS

- 2.16) All manual receipt payment information should be entered into the cash receipts journal and case file, and/or the automated case management system no later than the next business day after receipt.
- 2.17) When manual receipts are used by the court in the event the automated case management system is inoperable, all manual receipt numbers issued must be documented [i.e., cross-referenced] in the automated case management system when operable.

Manual Payment Receipts

[NOTE: The standards in this section are applicable to your court if manual payment receipts are used for any purpose.]

- 2.18) Manual payment receipts utilized by the court should consist of at least a two-part, carbon copy receipt, and must contain the following information:
- a) Name of the court;
 - b) Pre-printed, unique receipt number;
 - c) Date received;
 - d) Case number (if applicable);
 - e) Name of defendant;
 - f) Dollar amount;
 - g) Other case-related data as necessary.
- 2.19) All manual receipts and manual receipt books should be utilized in sequential order and secured when not in use.
- 2.20) The court should maintain a manual receipt inventory log to record all blank manual receipt number sequences kept in inventory, as well as the manual receipt number sequences issued to each court staff member.
- 2.21) The manual receipt inventory log should contain the following information:
- a) All blank manual receipt inventory numbers;
 - b) Date of issuance of manual receipt inventory to court staff members;
 - c) Manual receipt numbers issued to individual court staff members including their initials or signature evidencing the distribution;
 - d) Used manual receipt inventory numbers;
 - e) Voided manual receipt numbers, including voided manual receipt copies;
 - f) Initials or signature of the court staff member attesting to the accuracy of the inventory.

MINIMUM ACCOUNTING STANDARDS

- 2.22) Manual receipts must be secured in a manner [e.g., locked safe/vault/cash drawer], which prevents unauthorized access whereby limiting the potential for misappropriation.
- 2.23) Manual receipt both used and blank must be accounted for by performing an inventory at least quarterly. Any variances noted while performing the inventory should be investigated immediately. The outcome of the investigation should be documented on the inventory log or documentation maintained in a separate file.

Computerized Payment Receipts

[NOTE: The standards in this section are applicable to your court if an automated case management system generates payment receipts.]

- 2.24) Payment receipts generated from an automated case management system must contain the following information:
- a) Name of the court;
 - b) Computer generated unique receipt number or pre-printed, unique receipt number;
 - c) Date received;
 - d) Case number (if applicable);
 - e) Name of defendant;
 - f) Dollar amount;
 - g) Other case-related data as necessary.

Payment Receipt Voids

[NOTE: The standards in this section are applicable for both manual and computerized receipts.]

- 2.25) Court staff should not alter receipts (manual or computerized). If an error is made on a receipt, “VOID” should be written on all copies of the receipt and a new receipt should be issued. [NOTE: Correcting name spellings or case numbers is not considered altering a receipt.]
- 2.26) Receipts should be cancelled by writing “VOID” across the face of the receipt and with a reason for the void documented on the receipt. The reason for the void must also be documented in the cash receipts journal, the automated case management system, or on a designated void log.

MINIMUM ACCOUNTING STANDARDS

- 2.27) A secondary court staff member (if available, a supervisor or higher) must approve the void at the time it occurs. If a second person is not available at the time of the void, a second court staff member should review all voids for reasonableness as a compensating control. This should include review the automated case management system record (if applicable) for reasonableness.
- 2.28) Retain voided receipts, both manual and computerized. Do not destroy them.
- 2.29) In the case of automated case management system voids, the system must be able to identify the original receipt created and voided as well as the receipt reissued in its place. (If available, a supervisor or higher should be reviewing/approving the void receipt.)

Payments Received by Other Government Entities and Independent Contractors on the Court's Behalf

- 2.30) If the court allows other government entities and/or independent contractors to collect payments on amounts owed to the court, a list of payments containing the following information should be obtained from these entities at least monthly:
- a) Date payment was accepted;
 - b) Name of payee;
 - c) Payment amount;
 - d) Case number(s) (if known);
 - e) Name of individual/business who made payment (if different from the defendant);
 - f) Total amount of payments accepted on the court's behalf.
- 2.31) All funds received by other government entities and independent contractors should be reconciled/verified to the payment receipt copies and/or the detailed payment list by court staff before accepting payments into the court.
- 2.32) The court should acknowledge payments were remitted by the other government entities and independent contractors by performing one or all of the following depending on the court's operations:
- a) If a printed list of payments received on behalf of the court is provided with funds accepted on the courts behalf, the court staff should verify dollar amounts remitted to the court to the printed list. Court staff receiving the amounts must initial the list as evidence of verification and provide the other government entity or independent contractor a photocopy of the verified list;

MINIMUM ACCOUNTING STANDARDS

- b) Obtain confirmation the funds collected by the other government entity or independent contractor were transferred into the court's bank account by verifying the ACH records agree to the payments remitted by the 3rd party collection agency;
 - c) Issue a manual receipt to the other government entity or independent contractor providing the funds evidencing the court's acceptance of the payments.
- 2.33) Payments received from other government entities and independent contractors should be recorded into the cash receipts journal, case file, and/or the automated case management system immediately upon receipt.
- 2.34) If a court has minimal staff and/or experiences large fluctuations in workload, which prevents recording payments of this type immediately, the court must secure payments received until they can be recorded. All payments should be recorded no later than the end of the next business day after receipt.

Safeguarding Operating Funds, Payments, and Payment Receipt Records

- 2.35) The court must safeguard all payments and operating funds during daily operations in a lock box, cash drawer, locking cash bag, safe/vault, and/or a combination of these methods depending on the court's operations.
- 2.36) The court should be capable of locking safeguard methods and locations where operating funds are stored. Each of these methods/locations must be locked when unattended and not in use.
- 2.37) The court should provide each staff member receipting payments individual operating banks. If individual banks are not used, the court must be able to identify transactions processed by each court staff member for the purpose of identifying variances. This would include using separate manual receipt books, a separate coding key, and separate user identification codes in automated case management system.
- 2.38) If court staff members share operating funds, access should be limited to one staff member at a time.
- 2.39) The court should limit access to court operating funds in lock boxes, cash drawers, locking cash bags, safes/vaults only to court staff members who receipt payments.

MINIMUM ACCOUNTING STANDARDS

- 2.40) The court should establish a daily limit for the amount of operating funds kept in each lock box, cash drawer, locking cash bag, and safe/vault. This must include procedures for the court staff to remove excess funds.
- 2.41) The court should establish a limit for the amount of operating funds kept on hand at the court. This must include procedures that trigger an unscheduled bank/local government deposit, only if the court does not make daily deposits.
- 2.42) The court should prohibit court staff from utilizing daily operating funds from the following uses:
- a) Loaning money to court staff or other governmental departments;
 - b) Cashing personal checks;
 - c) Using the funds as petty cash.

Change Fund

[NOTE: A change fund is a separate amount of funds used to make change for individual court staff lock boxes, cash drawers, locking cash bags, safe/vaults, which are used during daily court operations [e.g., operating funds]. Some courts rely on their local governments for change and therefore do not maintain a change fund. If your court does not maintain a change fund, this section's requirements are not applicable. If inapplicable, the court must indicate this in its written procedures.]

- 2.43) If necessary for court operations, the court should maintain a separate change fund. The change fund must only be used to exchange bills and coins for court staff daily operating funds.
- 2.44) The court's change fund must be secured at all times when not in use.
- 2.45) The court should maintain documentation showing increases and decreases to the change fund.
- 2.46) Replenishment of the change fund should occur in compliance with your local government's policies and procedures.
- 2.47) The following practices should be prohibited if the court maintains a change fund:
- a) Loaning money to court staff or other governmental departments;
 - b) Cashing personal checks;
 - c) Using the fund as petty cash.

MINIMUM ACCOUNTING STANDARDS

- 2.48) At least weekly, all change funds must be balanced and documented by two separate court staff members on a fund balance sheet. Any variances noted should be documented and resolved in a timely manner.

Petty Cash

- 2.49) The court should keep petty cash separate from its daily operating funds [e.g., operating funds and change fund]. The court may keep petty cash in a locking bag/box, if stored in a safe/vault that contains daily operating funds.
- 2.50) A petty cash log should be maintained with the funds in order to show the removals and additions of cash. Original receipts for petty cash purchases should also be maintained with the log.
- 2.51) Petty cash should be a separate amount of funds used primarily for postage, miscellaneous court expenses, etc. The court should establish a dollar limit for petty cash purchases. Petty cash should not be used as a change fund for other cash drawers within the court, nor should the funds be used for court staff expenses for personal services, meals, or travel expense reimbursements.
- 2.52) Replenishment of the petty cash fund should occur in compliance with your local government's policies and procedures.
- 2.53) Monthly, two separate court staff members should reconcile petty cash to ensure integrity of funds. Any discrepancies should be documented and investigated in a timely manner.

Insufficient Funds

- 2.54) The court should establish procedures for payments returned by the bank for insufficient funds. The procedures must define if the court assesses a returned check fee in addition to amounts originally owed to the court.
- 2.55) All payments identified as insufficient funds must be properly recorded in the cash receipts journal, case file, and/or the automated case management system immediately upon receipt.
- 2.56) If a return check fee is assessed for insufficient funds, the fee should be added as a separate docket entry.

MINIMUM ACCOUNTING STANDARDS

Determining What is Owed the Court and Authority to Adjust Amounts Owed to the Court

- 2.57) The court should publish or post their fee, fine, and bail schedules. If the schedules are not published or posted, the schedules must be maintained in the court's case management system, readily available in hardcopy at the court, and/or posted on the court or local government's website.
- 2.58) The judge should be the only individual with authority to adjust money owed to the court. If the judge authorizes court staff or independent contractors to adjust money owed to the court, the authorization should be explicitly documented, including court staff positions and independent contractor positions given the authority and the type of adjustments, which can be authorized. This authorization must be maintained in the court's written procedures.
- 2.59) Adjustments to money owed to the court must be documented, either on the manual docket or in the automated case management system. Explanations providing adjustment reasons should also be documented.

Recording Payments

- 2.60) Immediately upon receipt, all payments should be recorded into a cash receipts journal, case files, and/or the automated case management system depending on the courts operations.
- 2.61) If a court has minimal staff and/or experiences large fluctuations in workload, which prevents recording payments immediately, the court must secure payments received until they can be recorded. All payments should be recorded no later than the end of the following business day after receipt.
- 2.62) Overpayments received by the court should be receipted as an overpayment and not as a fine, fee, bond, or restitution.
- 2.63) The court must produce a monthly cash receipts journal identifying the amounts and types of payments received.

MINIMUM ACCOUNTING STANDARDS

Section 3 - Disbursement Procedures

Cash Disbursements

- 3.1) The court should limit cash disbursements to a pre-determined, minimal amount. Additionally, the court must determine the extenuating circumstances in which cash disbursements are acceptable [e.g., \$10 or less].
- 3.2) The court must follow appropriate separation of duties when disbursing cash to ensure authorization is documented and a cash disbursement is appropriately authorized.

Check Disbursements

[NOTE: The items contained in this section pertain to checks issued by the court, not the local government that processes checks on the court's behalf. The court's written procedures must address who is responsible for check disbursements: the court, and/or the local government.]

- 3.3) The court should follow appropriate separation of duties concerning the issuance of a check. No one individual should have access to: create; authorize, and issue/distribute a check.
- 3.4) All checks should contain pre-printed numbers and the name of the court. [Computer generated checks are acceptable; however, they should also contain a printed check number and the name of the court.]
- 3.5) The court should issue all checks in sequential order.
- 3.6) The court should maintain an inventory record of used and unused checks.
- 3.7) Check inventory must be performed at least monthly during the bank reconciliation. All missing checks should be investigated by the court. If investigations reveal the disappearance of checks, stop payments should be requested through the bank within 24 hours after identifying the misappropriation.
- 3.8) Only authorized signers, which are listed on the bank signature cards, should be allowed to sign court checks. Digital signatures created by a computerized system should be setup up for authorized check signers only.

MINIMUM ACCOUNTING STANDARDS

- 3.9) All blank, non-issued court checks must be secured in a locked vault/safe or another secured location. Access to these instruments should be limited to judge(s) and/or court staff members who are authorized to process payments.

Voucher Requests

[NOTE: Voucher request terminology may be different at your court or local government. Check requisitions, warrant requests, accounts payable requests, and similar language all qualify as voucher requests under this section of the standards. Voucher requests used for court expenses including employee travel claims are applicable under this section. See **Section 12 – Definitions** for further explanation.]

- 3.10) If voucher requests are utilized by the court, the following procedures should be followed, unless your local government imposes more stringent requirements:
- a) A voucher request with supporting backup [e.g., invoice copies] should be prepared by the judge or court staff member/designated authorizer;
 - b) All voucher requests should be approved by someone independent of the preparer [e.g., usually the judge or an independent court staff member/designated authorizer];
 - c) The approved voucher request and supporting backup should be provided to the judge court staff member and/or the local government treasurer preparing the disbursement;
 - d) Copies of voucher requests and supporting backup should be retained by the court or easily identifiable in a computerized system to allow for future reconciliations.
- 3.11) If voucher requests are pre-numbered, they should be used in sequential order.
- 3.12) All blank, non-issued voucher requests must be secured in a locked vault/safe or another secure location to prevent misappropriation.
- 3.13) Voucher inventory should be performed randomly or at least monthly during the bank reconciliation. All missing vouchers should be investigated by the court. If investigations reveal the disappearance of vouchers, the court should notify their local government of the missing documents and follow the local government's procedures.
- 3.14) Only authorized signers designated by the court and its local government should sign voucher requests. Digital signatures created by a computerized system should be setup up for authorized check signers only.

MINIMUM ACCOUNTING STANDARDS

- 3.15) If voucher requests are processed through the local governments' computerized system, the court must follow appropriate separation of duties for the creation and approval processes. This should include the judge or court staff member either, approving manual voucher requests entered into the system, or the judge or court staff member provided appropriate authorization in the computerized system to document approval of the request.

Voiding Disbursement Instruments

- 3.16) If an error is made when creating/processing a voucher request or check; the court should void the instrument by performing the following procedures:
- a) Write "VOID" across the face of the instrument, documenting the date and the initials of the judge or designated court staff member/authorizer;
 - b) Document an explanation for the void either, on the instrument, or a void log.
- 3.17) A secondary court staff member/authorizer (if possible, a supervisor or higher) should approve the voided voucher request or check at the time it occurs. If a second person is not available at the time of the void, a second court staff member should review all voided voucher requests and checks for reasonableness as a compensating control. This should include review the disbursements journal, automated case management system record (if applicable), and/or the local governments computerized system records for reasonableness.
- 3.18) The court must retain all void voucher requests and checks as indicated by the administrative record retention schedule.

Recording Disbursements

- 3.19) Depending on the court's operations, all disbursements [e.g., cash, checks, voucher requests] must be documented in the following records (both manual and/or computerized):
- a) Case file(s);
 - b) Disbursements journal;
 - c) Local government automated systems (if applicable);
 - d) General ledger(s).
- 3.20) Detailed event entries should be entered into the court's case files, disbursements journal, and/or automated case management system specifically identifying disbursement transactions.

MINIMUM ACCOUNTING STANDARDS

- 3.21) The court should have a documented audit trail of disbursement transactions for manual and computerized processes.
- 3.22) The court must produce a report at least monthly describing what was disbursed in a disbursements journal. If the local government disburses payments on the courts behalf, the court should obtain a report or information from their local government at least monthly.

[NOTE: The court may keep a detailed check register instead of producing a disbursements journal. Additionally, the court may use a voucher report or a budget status report with detail about disbursements. This report can be in hard copy or the information may be electronically accessed through the local government's computerized system.]

- 3.23) Disbursements authorized by the court and processed by the local government on the court's behalf should be reconciled to the voucher requests and/or voucher request documents to ensure all disbursements were properly processed and recorded on a monthly basis. This would include receiving a monthly report disbursement report from the local government and/or having immediate access to voucher requests and payments processed in the local government's computerized system [e.g., budget status reports].

Section 4 – Conversion of Monetary Penalties Imposed by the Court to Alternative Sentencing and Modification of Sentencing

- 4.1) Only judge(s) or appointed judicial officers should have the authority to convert fines/fees to sentencing alternatives. Individuals classified as non-judicial officers who have authority to convert fines/fees to sentencing alternatives must be clearly identified in the court's written procedures. Clear identification includes position titles, authority types/levels, and amounts that may be converted.
- 4.2) The court should maintain published fine/fee conversion rates. If the court chooses to keep the conversion rates confidential, the conversion rates must be readily available to court staff.
- 4.3) If uniform conversion rates are not followed by the court for each type of alternative sentencing, the court must document the conversion rate in the defendant's case file and/or automated case management system. All fine/fee conversions authorized by the judge should be input to the case file and/or the automated case management system.

MINIMUM ACCOUNTING STANDARDS

- 4.4) The original fine/fee information assessed and ordered by the judge(s) must be retained in court records and the conversions should be documented to show the full case history and financial audit trail. This must be performed regardless of whether or not the conversion/modification rates are consistently applied.
- 4.5) The court should document all conversions, modifications, and reductions/increases of originally issued fines/fees in the case files and the automated case management system as applicable.

Section 4A – Justice and Municipal Court Ordered Fines and Fees

[NOTE: This section of the standards is only applicable to justice and municipal courts (i.e., courts of limited jurisdiction).]

- 4A.1) The court should be able to generate and/or have readily available, accurate outstanding amounts of monetary penalties imposed by the court on a monthly basis.
- 4A.2) The court should be able to create and maintain either a manual or a computerized aging report with the amounts of monetary penalties imposed by the court on a monthly basis. This report should contain the following information:
- a) Individual name;
 - b) Case/citation number;
 - c) Fines/fees originally owed to the court;
 - d) Outstanding dollar amounts;
 - e) Number of days amounts are outstanding based on the 30, 60, 90, 120+ day aging periods.
- 4A.3) The court should maintain a ledger that identifies outstanding amounts of monetary penalties imposed by the court, which are still owed to the court.
- 4A.4) The court should reconcile the ledger identifying outstanding monetary penalties imposed by the court to the manual case files/ledgers and/or the automated case management systems at least quarterly to ensure outstanding amounts owed are properly documented.
- 4A.5) The court should require all local government entities [e.g., local government collection departments] and collection agencies to remit a monthly collection report indicating the amounts outstanding by each individual, as well as the total amounts collected each month.

Supreme Court of Nevada
ADMINISTRATIVE OFFICE OF THE COURTS

MINIMUM ACCOUNTING STANDARDS

- 4A.6) Identify cases where bail due, but not paid on non–adjudicated cases (actual amounts) and compare to cases where it is improbable fines/fees (potential amounts) will ever be collected.
- 4A.7) Manually and/or electronically, the court must calculate a monthly collection percentage to evaluate the effectiveness of the collection procedures (if any) being used by the court.

Sample Monthly Collection Percentage Calculations:

(Compliance Rate)

Total Dollars Collected + Credits (jail time served, community service) / All Assessments for a given period

(Collections Rate)

Total Dollars (excluding credits) Collected / All Assessments for a given period

(Payment Rate)

Total Dollars (excluding credits) Collected / (Amounts Assessed for the same cases- Amounts Not Due or Written-off for a given period)

CourTools Measure #7

<u>Case</u>	<u>Date Ordered</u>	<u>Due Date (Final Pymt Due)</u>	<u>Total Amt Ordered</u>	<u>Actual Dollars Collected</u>	<u>Preliminary Compliance Rate (True Collection Rate)</u>	<u>Conversion Credit Dollar Value</u>	<u>Overall Monetary Penalties Collected</u>	<u>Overall Compliance Rate</u>
1	1/1/10	4/1/10	\$400	\$372	93%	\$20	\$392	98%
2	1/1/10	4/1/10	\$400	\$400	100%		\$400	100%
3	1/1/10	4/1/10	\$400	\$0	0%	\$400	\$400	100%
4	1/1/10	4/1/10	\$400	\$100	25%	\$50	\$150	38%
		Total	\$1600	\$872	55%	\$470	\$1342	84%

MINIMUM ACCOUNTING STANDARDS

Section 4B – District Court Ordered Fines and Fees

[NOTE: This section is only applicable to district courts as a result of the 2011 Nevada Legislative Session and enacted laws effective July 1, 2011 (NRS 176, NRS 178, and NRS 353).]

- 4B.1) All district courts entering a judgment of conviction for a defendant who pleads guilty or guilty but mentally ill, or is found guilty or guilty but mentally ill of a felony or gross misdemeanor, shall forward to their county treasurer or other office assigned by the county to make collections, the information necessary to collect the fine, administrative assessment, or fee.
- 4B.2) The following information should be forwarded to the county treasurer or other office assigned by the county to make collections on at least a monthly basis:
- a) The name of the defendant;
 - b) The date of birth of the defendant;
 - c) The social security number of the defendant;
 - d) The last known address of the defendant; and
 - e) The nature and amount of money owed by the defendant.
- 4B.3) The court shall retain hard copy or electronic correspondence evidencing the collection information for defendants as required by the Nevada Revised Statutes was forwarded to the county treasurer, other office assigned by the county to make collections, and/or the Office of the State Controller¹ on at least a monthly basis.

Section 5 – Trust Accounts and Bonds

[NOTE: Trust funds are money held “in trust” by the court for a third party. Examples of trust funds are posted bail, restitution payments, garnishments, attorney fees, child support payments, jury fees, landlord/tenant amounts, and payments on civil judgments.]

- 5.1) The court must document the circumstances and procedures identifying the type of trust money accepted by the court in its written procedures.
- 5.2) The court must document circumstances and procedures for disbursing trust money in its written procedures. This shall include the individuals and positions, which can authorize and process disbursements of this type.

¹ If the county treasurer enters into a cooperative agreement with the Office of the State Controller to pursue collection efforts.

MINIMUM ACCOUNTING STANDARDS

- 5.3) The court must document procedures used to handle bonds in its written procedures.
- 5.4) The court must maintain a list of bonding companies and agents including bonding limits who are authorized to post bonds with the court. [The bonding companies and agents are required by NRS 20.050 to post information annually with the County Clerk. If the court does not readily maintain this information, the court must be able to obtain this information from the local jail/detention center and the County Clerk.]
- 5.5) The court must document procedures used to process bond forfeitures and exoneration of bonds in accordance with NRS 178.506–NRS 178.532.
- 5.6) On a monthly basis, the court should review all pending (active) and outstanding bonds posted and bond records to determine the status of the bonds based on court order, [i.e., is the bond still active, waiting for defendant to appear, or if defendant appeared has the bond been ordered refunded, forfeited etc., and take appropriate action]. This should include reconciling the bond tracking register (active bond listing) with manual/automated case files for accuracy.
- 5.7) The court should keep money collected in conjunction with trust accounts in a separate bank account from normal cash receipts obtained during daily operations. If the court does not keep a separate bank account for trust monies, the court must be able to accurately identify and reconcile trust monies separate from operating funds through their automated case management system and through the monthly bank reconciliation procedures.
- 5.8) All money collected in conjunction with trust accounts must be tracked in separate journals and general ledger accounts from normal cash receipts obtained during daily operations. The ledger should contain information regarding bond, restitution, and other trust funds held by the court. Additionally, the ledger should reflect receipts, disbursements, and the outstanding balance for each case.
- 5.9) Ledgers established for tracking money collected in conjunction with trust accounts must be separate from the court's ledger [i.e., cash receipts and disbursements journals] identifying daily operating activities.

MINIMUM ACCOUNTING STANDARDS

- 5.10) Monthly, the court should review all court cases in which trust money is held to determine the following:
- a) The case is active and the purpose for which the money was posted remains, requiring that the money continue to be held;
 - b) A requirement to hold the trust no longer exists with reasonable efforts should be made to return the money to the party, which posted it;
 - c) The party posting the trust money could not be located and the money has been unclaimed. If the money has been unclaimed for at least one year, the court should follow the Nevada unclaimed property rules for remittance to the Nevada Treasurer or the county district attorney pursuant to NRS 4.3755(3).
- 5.11) If the court accepts bonds that can be applied to the amounts owed in conjunction with trust accounts, the court must follow all the same procedures for receipting, tracking, posting, reconciling, exoneration, and forfeiture as set forth by these standards.

Bond Refunds

- 5.12) The court should only disburse bond refunds upon court order.
- 5.13) Bond money should be returned to the original poster.
- 5.14) In the event the original poster requests money to be remitted to a third party, the court should obtain the following:
- a) Written authorization by the original bond poster should be provided indicating the third party should receive the disbursed funds;
 - b) Valid identification from the third party.

Restitution

- 5.15) In accordance with Nevada Revised Statutes, all restitution payments collected by the court, should be documented, and immediately distributed to victims. The restitution payment should be made payable to the person named in the order in the manner set forth in the order, not to the court. [NRS 4.3755(3) and NRS 176A.430]

MINIMUM ACCOUNTING STANDARDS

Section 6 - Bank Accounts

[NOTE: If the court does not handle its own bank accounts, the court must identify who is responsible for the standards contained in this section on the court's behalf in its written procedures.]

Authority and Security

- 6.1) The court must establish the individuals, which have authority to open, and close court operated bank accounts.
- 6.2) The court should identify circumstances in which a new bank account is established and when a bank account will be closed. This should include the banking institution where the account(s) will be held and the type of bank accounts that will be established [e.g., trust, interest-bearing, non-interest bearing].
- 6.3) The court should maintain a readily available list of all bank accounts including the bank name, address, account numbers, purpose, and signatories for accounts operated by the court.
- 6.4) All court bank accounts must be insured by using generally accepted policies [e.g., FDIC insurance for all accounts \leq \$250,000, and ensuring accounts are collateralized in amounts are $>$ \$250,000]. Courts may ensure their accounts are collateralized through their local government, Nevada pooled collateral through the Nevada Treasurer, or another similar entity providing collateral to safeguard and insure public monies.
- 6.5) All court bank accounts should be in the name of the court, unless the city or county treasurer maintains them.
- 6.6) The court should maintain and update bank signature cards, unless the city or county treasurer maintains them.
- 6.7) The court should establish and document authority for judges and court staff members, who sign checks, authorize electronic disbursements, prepare bank deposits, and reconcile the court's bank statements. This authority must specifically indicate the responsible positions to ensure separation of duties.

MINIMUM ACCOUNTING STANDARDS

Bank Deposits

- 6.8) The court should make daily bank deposits of operating funds. Depending on the court's operations, daily bank deposits may not be feasible due to minimal funds or the location of the nearest bank/local government treasurer. If these types of restrictions do not allow for daily bank deposits, the court must make a bank deposit at least monthly.
- 6.9) If a daily bank deposit does not occur, the court must ensure daily operating payments received are secured in a locking bag, lock box, cash drawer, or a safe/vault until they are deposited.
- 6.10) If the court does not make a daily bank deposit, all payments received should be reconciled to the cash receipts journal and/or the automated case management system on a daily basis.
- 6.11) The court should deposit all payments in the same form as received by the court, unless the deposit is made by mail.
- 6.12) If the court mails deposits to the bank, the following procedures should be followed:
- a) Cash payments should be converted into a money order;
 - b) A copy of the deposit slip and the money order receipt should be retained by the court;
 - c) Bank deposits mailed should be through US Mail with a certified, return receipt for tracking purposes;
 - d) Deposits sent by other means [e.g., FedEx, DHL, UPS] should be tracked to ensure proper delivery to the bank.
- 6.13) At least two separate court staff members should create and verify bank deposits.
- 6.14) All bank deposits should be secured before being transported to the bank and/or local government treasurer. Secure methods include locking the deposit in a bank bag and/or placing the deposit in a tamper-proof plastic bag.
- 6.15) Deposit receipts should be verified against deposit slips to ensure the bank and/or local government treasurer properly credited them. If a deposit receipt is not provided, the court may reconcile deposit information using alternative methods. Alternative methods may consist of budget reports and access to automated system records that can verify deposits.

MINIMUM ACCOUNTING STANDARDS

Lost, Stolen, Stale Dated Instruments

- 6.16) Stale dated instruments should have a stop payment placed on the instrument after an established number of days identified by the court's operations.
- 6.17) All lost or stolen instruments should be researched by the court to ensure they have not been cashed. Once research has proven the instrument is still active, a stop payment should be requested for all lost or stolen checks.
- 6.18) Anytime the court issues a replacement payment, whether through voucher request or the issuance of a new check; the newly issued check number and/or voucher request number should be cross-referenced to the cancelled check. This information should appear on all case file records.
- 6.19) The court should investigate stale dated instruments [e.g., outstanding checks over 180 days old]. Investigations include notifying individuals of outstanding checks by calling or sending correspondence. The court should retain all correspondence records evidencing investigation.

Unclaimed Property

[NOTE: Unclaimed restitution is not applicable under the unclaimed property rules set forth by the Nevada Revised Statutes and the Nevada Treasurer. Courts should refer to NRS 4.3755(3) and NRS 176A.430 for unclaimed restitution procedures.]

- 6.20) The court must identify and remit unclaimed property [e.g., stale dated instruments] annually as required by the rules set forth by the Nevada Treasurer. <https://nevadatreasurer.gov>
- 6.21) The court should perform due diligence on unclaimed property by attempting to contact the business or individual at the last known address on file. This must be performed not less than 60 nor more than 120 days before the unclaimed property report is due for each owner whose balance is more than \$50. If the owner completes, signs, and returns the written notification sent out, this action prevents the presumption of abandonment, and the funds are no longer reportable to the Nevada Treasurer.
- 6.22) All unclaimed property [i.e., bail refunds] should be tracked by the court and kept in a secure location until remitted to the Nevada Treasurer or county district attorney's office.

MINIMUM ACCOUNTING STANDARDS

Section 7 - Financial Management

- 7.1) The court should post all financial transactions processed into a cash receipts journal, cash disbursements journal, and/or an automated case management system on at least a daily basis.
- 7.2) Court staff should perform the following daily reconciliations:
- a) Each court staff responsible for a lock box, cash drawer, locking cash bag, and safe/vault should verify beginning operating funds before usage, and document the count on a checkout sheet;
 - b) Each court staff responsible for operating funds should count their lock box, cash drawer, locking cash bag, and safe/vault after each shift or when staff responsible for the operating funds change, and document the count on a checkout sheet;
 - c) Each court staff should reconcile and balance all monies received after each shift with the cash receipts journal. Any variances noted must be documented and investigated timely;
 - d) An independent, court staff member should verify and reconcile the daily deposit with the cash receipts journal. Any variances noted must be documented and investigated timely.
- 7.3) If the court maintains a change fund, the funds must be counted and verified on at least a weekly basis. Two separate court staff members should document the count on a checkout sheet. Any variances noted must be documented and investigated timely.
- 7.4) The court must post all financial information into a general ledger on a monthly basis. If the court is not responsible for posting to the general ledger, the local government that handles their general ledger accounts should be provided a summary report on a monthly basis. This summary report should contain enough detail to allow the local government to post financial information into the general ledger on the court's behalf.
- 7.5) If the local government posts court financial information to the general ledger, the court should request a summary of financial information posted on a monthly basis to ensure all revenues and expenses were appropriately recorded on its behalf.

MINIMUM ACCOUNTING STANDARDS

- 7.6) Court employees should perform the following monthly reconciliations:
- a) Balance the cash receipts journal;
 - b) Balance the cash disbursements journal;
 - c) Reconcile payment receipts with deposits;
 - d) Prepare a bank reconciliation, including documenting any discrepancies between the bank or local government treasurer's records and the court's records;
 - e) Reconcile the record of open items, such as bonds, with all bank accounts and cash balances; and
 - f) Reconcile voucher requests processed by the local government with checks issued (if used by the court); and
 - g) Reconcile the petty cash fund, including documenting any variances noted (if used by the court).
- 7.7) The court must ensure an independent verification of monthly reconciliations [e.g., bank reconciliation] are performed and documented to ensure accuracy of the court's financial records.
- 7.8) The court must maintain daily and monthly financial reconciliations and supporting documentation in accordance with the administrative record retention schedule.
- 7.9) The court must retain the following specific records for each bank account as required by the administrative record retention schedule:
- a) Copy of the bank reconciliation;
 - b) Record of outstanding checks;
 - c) Record of deposits in transit;
 - d) Bank statements;
 - e) Canceled checks;
 - f) Canceled deposit slips; and
 - g) Bank issued debit and credit memos.
- 7.10) If the court is not responsible for its bank account(s), the city/county local government should reconcile the bank account on the court's behalf.
- 7.11) The court should prepare documents and a remittance report as required by their local governments for the remittance of local and state funds collected on a monthly basis.

MINIMUM ACCOUNTING STANDARDS

Section 8 - Computer Access and Security

[NOTE: The standards contained in this section should be followed, unless your local government imposes stricter security requirements for system security, system changes, and password changes. If the court follows its local government requirements, the court's written procedures must address the procedures that are followed.]

- 8.1) All computerized systems used by the court should be secured in a manner that prevents unauthorized individuals from accessing the systems. The court should follow their local government requirements for computerized system locations/access restrictions if more stringent than the ones identified in these standards.
- 8.2) Courts should provide individual authorizations and passwords to each judge and court staff member accessing their computerized systems.
- 8.3) Authorization passwords must be changed on a quarterly basis unless the court's local government requires stricter password change requirements.
- 8.4) If the computerized systems do not automatically prompt for password changes, the court should document changes on a password change log. This log must contain the date of password change, name of individual, and their initials/signature evidencing the change occurred.
- 8.5) If the court's automated case management system assigns payment receipt numbers that can be overridden, or the numbering can be altered due to system failures, the court must keep a log indicating the following information:
 - a) Who accessed the system;
 - b) When the system was accessed;
 - c) The reason for altering the numbering mechanism.

[NOTE: If a vendor or state/local government has access to your automated case management system, they are responsible for maintaining such access logs.]

- 8.6) The court should audit its fee codes and fee schedules [e.g., distribution schedule/breakout table] to ensure the accuracy of funds being distributed to fines, fees, and other accounts in accordance with NRS at least every six months. This must be performed for both manual breakdowns and breakdowns performed by the automated case management system.

MINIMUM ACCOUNTING STANDARDS

- 8.7) The court should determine and document the individual(s) who have access to override their fee codes and fee schedules [e.g., distribution breakout table], as well as the circumstances in which these items would be overridden.

Payment Card Data Security (Credit Card Information Security)

[NOTE: The requirements in this section are only applicable to courts, which accept credit and debit cards in person, via telephone, through the court/local government website, and through a third party vendor.]

- 8.8) The court should be aware of NRS 603A and follow rules set forth by the payment card industry data security standards (PCI-DSS).
www.pcisecuritystandards.org
- 8.9) The court should contact their merchant bank and/or local government to determine their PCI-DDS self-assessment validation category (1-5). The court must also determine if a Qualified Security Assessor is required to perform a payment card industry security standards audit. [NOTE: The Administrative Office of the Courts auditors are not considered qualified security assessors for this requirement.]
- 8.10) Annually, the court must complete a payment card data security standards self-assessment questionnaire as required by the PCI-DSS.
- 8.11) The court should determine the credit and debit payment card information as indicated by PCI-DSS that can be stored and must be protected.
- 8.12) The court must develop and maintain a data security standards policy and train employees annually on the security standards.

Section 9 – General Administrative Security and Key Controls

[NOTE: The standards contained in this section should be followed, unless your local government imposes stricter security requirements. If the court follows its local government requirements, the court's written procedures must address the procedures that are followed.]

- 9.1) The court should develop procedures or follow its local government procedures for court staff members who have separated from employment with the court. This must include procedures to ensure that keys to locking devices/areas are returned back to the court.

MINIMUM ACCOUNTING STANDARDS

- 9.2) The court should change locks and combinations as necessary upon termination of court staff members responsible for handling payments.
- 9.3) The court must maintain a key/combination log listing court staff members with access to locking devices/areas in which payments, disbursements, and operating funds are stored.
- 9.4) Duplicate keys to secured areas and locking devices should be stored in a key box equipped with two locks, which requires dual-access by two separate court staff members. Any override keys for cash registers (if used) must be stored in the key box.

Section 10 - Record Retention

- 10.1) All courts must follow the Nevada Courts Administrative Record Retention Schedule as directed by the Supreme Court of Nevada (ADKT 410 issued on April 13, 2010, or subsequent amendments).
- 10.2) The court must retain all four-year independent audits, which encompasses the final audit report, MAS checklist, and responses to audit recommendations for at least 5 years.

[NOTE: The four-year independent audit and the annual local government audits are two separate audits with individual retention requirements.]

Section 11 - Enforcement of Court Orders Imposing Monetary Sanctions (Optional for All Courts)

[NOTE: Recently the Nevada Revised Statutes were updated as a result of the 2011 Legislative Session to clearly identify the responsibility of collecting amounts owed by defendants who plead guilty or guilty but mentally ill or are found guilty or guilty but mentally ill of a felony or gross misdemeanor (2011 Nevada Legislative Session, AB196). These requirements are contained in MAS, Section 4B, District Court Ordered Fines and Fees. Therefore, the standards in this section (Section 11) are optional for all district courts.

Additionally, the Nevada Revised Statutes regarding limited jurisdiction courts responsibility for the collection of misdemeanors are generally silent. At this time, the current law does not mandate limited jurisdiction courts collect fines and fees owed on misdemeanors. If a limited jurisdiction court does not have procedures in place regarding the collection of fines and fees, the standards outlined in this section are optional and are only recommended practices.

MINIMUM ACCOUNTING STANDARDS

Ultimately, if a court, regardless of jurisdiction, chooses to implement the standards in this section, not only they will assist with the collection of fines/fees owed to the court, it will ultimately create greater enforcement of monetary sentences and create stronger defendant accountability.]

- 11.1) The court should establish procedures, which enforces and monitors the collection of fines, fees, and restitution. These procedures should include the collection practices followed, as well as individuals/departments responsible for performing collection practices [e.g., court staff, collections department, outside collection agency, cooperative agreement with the Office of the Nevada State Controller, Parole and Probation].
- 11.2) The court should perform some type/method of collection procedure on outstanding amounts owed to the court at least quarterly. [e.g., Generate and send collection (dunning letters), issuance of warrants for failure to pay/appear (as necessary), utilize a collection agency, utilize the Office of the Nevada State Controller through a cooperative agreement, garnishment of wages, and seizure of property.]
- 11.3) For individuals indicating indigence, court staff should perform a financial screening to determine an individual's ability to pay. An individual's financial screening should be documented and maintained.
- 11.4) The court should consider obtaining the following information during their financial screening:
 - a) Monthly income/expenses;
 - b) Assets;
 - c) Vehicles;
 - d) Credit cards and associated debt;
 - e) Credit check.
- 11.5) The court should establish when a defendant will be assessed a collection, late, or installment payment plan fee.
- 11.6) The court should collect personal information from each individual who owes money to the court that is placed on an installment payment plan. The following personal information should be obtained by the court:
 - a) Current address;
 - b) Phone numbers including home/work/cell;
 - c) Social security number;
 - d) Driver's license number.

MINIMUM ACCOUNTING STANDARDS

- 11.7) All personal information collected by the court must be secured in a manner that prevents the possibility of unauthorized use and access. [NRS 603A and Supreme Court rules]
- 11.8) If installment payment plans are offered by the court, collection fees and installment fees assessed should be listed individually in the case files and/or the automated case management system.
- 11.9) If installment payment plans are offered to defendants, minimum expected payment amounts should be established and communicated to individuals at time of their appearance.
- 11.10) For each defendant authorized to make installment payments of fines, fees, restitution, and other associated court costs, the court should maintain records indicating the following information:
- a) Case number;
 - b) Defendant name;
 - c) Address;
 - d) Date of sentence;
 - e) Amount assessed;
 - f) Payment terms;
 - g) Payment date(s);
 - h) Receipt number(s);
 - i) Receipt amount(s);
 - j) Remaining balance due.
- 11.11) All installment payments received by the court must be distributed in accordance with applicable Nevada Revised Statutes.
- 11.12) The court should document all time served by community service and incarceration either in the manual case file and/or in the automated case management system to avoid issuing warrants or suspending driver's licenses for individuals in compliance with the court's payment requirements.
- 11.13) All property seizures should be converted to cash and recorded separately in the manual case file and/or automated case management system.
- 11.14) All wage garnishments should be recorded separately in the manual case file and/or the automated case management system.

MINIMUM ACCOUNTING STANDARDS

- 11.15) The court should be able to identify individuals/cases in which arrest warrants have been issued for failure to pay/appear. The defendant's associated monetary amounts should be considered suspended until the individual has satisfied the court's requirements.
- 11.16) Annually, the court should review outstanding amounts ordered and owed to the court, to determine the likelihood of collecting amounts, which are greater than five years old.
- 11.17) If the court determines amounts owed on cases, which are greater than five years old are uncollectible; the court should classify cases and associated dollar amounts as suspended and place them in inactive status.

[NOTE: For clarification of what is considered uncollectible in relation to these standards, please refer to the definition of **Uncollectible**.]

- 11.18) If the court determines amounts owed on cases should be written-off, the following information should be documented in the case records:
- a) Document reason for write-off;
 - b) Obtain the approval from the judge(s) and/or court management;
 - c) Ensure the amounts are documented and adjusted in the case files and/or the automated case management system.

[NOTE: Additional information concerning write-off is located in the definition of **Write-off**.]

MINIMUM ACCOUNTING STANDARDS

Section 12 – Definitions

Unless otherwise specified, the following definitions apply to the Minimum Accounting Standards:

“Administrative record retention schedule” means a schedule adopted by Supreme Court administrative order directing each court to retain all financial records, applicable program records, and data.

“Agreed-upon procedures engagement” means an audit or external review in which a practitioner is engaged by a client to issue a report of findings based on specific procedures performed on the subject matter of an assertion.

“Audit” means a systematic examination of records or financial accounts to verify their accuracy. It is a test of management’s internal accounting controls and is intended to ascertain whether financial statements fairly present financial position and results of operations, test whether transactions have been legally performed and identify areas for possible improvements in accounting practices and procedures.

“Automated case management system” means an automated system, which electronically links financial transactions with case financial records, cash receipts and disbursements journals and other appropriate accounting journals and ledgers. The system can also be used by the court to track, process, and manage case files with the court. The automated case management system may have different modules.

“Balance” means to compute the difference between the debits and credits of an account and to arrange the difference so that one set of elements exactly equals another.

“Bank account” means an account established by or on behalf of the court in a banking institution, typically a commercial bank, but in some instances, an investment bank or investment firm, for the purpose of depositing and disbursing money under control of the court. Types of bank accounts may include checking, savings, money market, certificate of deposit, and investment accounts. In the context of this document, a court bank account can refer to an account established by the court’s local government served by the court.

“Bank reconciliation” means the process of comparing activity posted to the court’s accounting records with the bank account statement to ensure that bank, court records agree and any discrepancies are investigated and resolved.

“Bank statement” means a statement reporting all transactions in the accounts held by the account holder.

MINIMUM ACCOUNTING STANDARDS

“Beginning cash fund” means a fixed amount of cash maintained for making change.

“Bond” means a cash or surety instrument required pursuant to statute and rules.

“Cancelled check” means a check that is marked or perforated with a term such as “paid” or “void, indicating it may not be used again.

“Case financial record” means the listing of the financial sanctions assessed in a case, including receipts, disbursements, and the balance held or due on the case.

“Cash” means currency and coins.

“Cash drawer, lock box, locking cash bag, safe/vault” means a method to store and secure all daily operating funds and all monies received at the court, in addition to the amount of cash established as the beginning cash fund, which is maintained by each employee designated to handle financial transactions.

“Cash receipts journal” means the listing of all monies received by distribution type (juvenile and city/county administrative assessments, domestic violence programs, divorce fees, bail bond filing fees, 90 % forfeiture for victims of crime, 10% forfeiture for specialty courts, etc.) by date.

“Change fund” means a separate amount of money kept at the court in a secure manner used solely to provide for the exchange of larger denominations into smaller denominations for cash drawers, lock boxes, locking cash bags, safe/vault used in the daily operations of the court.

“Checkout sheet” means the document used to record court staff verify beginning operating funds in lock boxes, cash drawers, locking cash bags, and safes/vaults, as well as operating funds in lock boxes, cash drawers, locking cash bags, and safes/vaults counted after each shift or when staff responsible for the operating funds change.

“Check” means a written order on a bank to pay on demand a specified sum of money to a named person or entity from money on deposit, and can be in the form of personal check, business check, traveler’s check, cashier’s check, certified check, or money order.

“Court staff” means an employee of the court, including judges, other judicial officers, clerk staff, and local government employees accepting payments on the court’s behalf.

“Deposit” means the act of putting money into a bank account or submitting court monies to the local treasurer.

MINIMUM ACCOUNTING STANDARDS

“Disbursement” means the actual payment of funds, usually in the form of a check issued and recorded in settlement of a debt or account payable. This includes money held in trust by the court (e.g., bail, bonds, restitution), to another party. Examples of disbursements include: the refund of bail or cash bond to a defendant, the payment of fines and/or fees to the appropriate local or state entity, the payment of restitution collected by the court to the proper recipient of that restitution, and the payment of jury fees. Types of disbursements include checks, vouchers, credit card refund slips, and electronic funds transfer (EFT) slips.

“Disbursements journal” means the listing of all payments made by the court by distribution type (restitution, administrative assessments, local government and state fines, victims of crime, etc.) by date. The journal may be a combination of computer reports, check register stubs, or copies of check request forms/voucher request forms containing required information.

“Financial records” or “accounting records” means records maintained by the court to account for all monies received and disbursed by the court.

“General ledger” means a documented set of accounts that provides an auditable accounting of assets and liabilities of the court. These accounts are generally established using what is referred to as the “double entry bookkeeping” method. The debits and credits in the general ledger are equal; therefore, the debit balances equal the credit balances.

“Independent Contractor” means someone not employed as a staff person of the court including, a defensive driving school provider, collection agency, alcohol screener, or any other school, agency or provider that performs services to carry out court orders.

“Internal controls” means procedures and records designed to minimize opportunity for the mishandling or theft of money.

“Internal Revenue Service, Report of Cash Payments Greater than \$10,000 (IRS Form 8300)” means a report prepared by court clerks and/or their representatives for all cash payments received for bail in an amount greater than \$10,000 for any federal offense involving a controlled substance, racketeering, money laundering, and/or any state offense similar to the federal controlled substance, racketeering, and/or money laundering.

“Monetary Penalties Imposed by the Court” means money owed to the court as the result of a judicial order or court policy, but not paid at the time of imposition of the order or policy. Generally, these penalties are composed of fines and/or fees imposed by the court and the defendant is granted time to pay the ordered amounts.

MINIMUM ACCOUNTING STANDARDS

“Operating funds” means payments received during the course of normal operations, including funds securely maintained at the court during daily operations and overnight.

“Open item” means money held for a party or a case that has not been allocated or posted to a particular account for a scheduled disbursement, including unidentifiable items or bonds.

“Outstanding check” means a court disbursement check that has not cleared the bank.

“Payee” means one to whom money is paid.

“Payments” means cash, personal checks, credit and debit card transactions, bank drafts, traveler’s checks, cashiers checks, certified checks, money orders and wire transfers.

“Payment Card Industry Data Security Standards (PCI-DSS)” means the standards established by the Payment Card Industry Security Standards Council that establish specific security measures to protect credit card account data.

“Petty cash” means funds used to make small operational purchases (e.g., office supplies, postage, juror lunches, etc.). The petty cash fund should be a separate fund from the court’s normal operating banks.

“Posting” means the transfer of an entry or item from a book or file of original entry to the proper account in a ledger and the record produced by such a transfer.

“Reconcile/reconciliation” means to match and compare figures from one accounting record against those presented on another accounting record or financial statement to check for accuracy and to account for all transactions and financial documents.

“Remittance report” means a report prepared by the court and submitted to the local treasurer listing how monies collected by the court are to be allocated by the local treasurer. This also including a report prepared by the court and submitted to the Nevada Controller listing how monies collected by the court are to be allocated by the Controller.

“Separation of Duties” means the segregation of responsibilities associated with payment receipting and disbursing of payments from the responsibility for posting to the case financial records and the reconciliation of those records, including bank statement reconciliation and case management reconciliation functions.

“Stop payment” means a method used to stop disbursement of funds through bank authorization.

MINIMUM ACCOUNTING STANDARDS

“Transaction” means the occurrence of a financial activity that must be recorded.

“Transaction record” means a substitute for a manual or automated receipt.

“Trust, Trust account, Money held in trust” means money collected by the court as a result of court order or policy that may be ordered to be refunded to a party other than the court or other state entity. Examples of money held in trust include jury fees deposited prior to a civil trial, cash bail or cash bond posted by a defendant prior to adjudication of a criminal case, mediation fees posted by parties in a civil case, or restitution collected by the court on behalf of a victim in a criminal case. Trust accounts should be kept separate from accounts that track fines and fees imposed and/or collected by the court.

“Unclaimed funds” means any monies disbursed by the court that remain outstanding.

“Uncollectible” means monetary penalties imposed by the court that are deemed to be uncollectible when sufficient efforts to contact the person owing the money have failed to locate the person; an evaluation of the financial status of the person owing the money determines that the person cannot pay the obligation, either now or in the foreseeable future (generally with the determination being made that the cost of recovery far exceeds that of collection); or the person owing money is deceased.

“Voucher requests” are the request for payments created by the court and provided to its local government to request and process payments on the court’s behalf. Alternatively, voucher requests may also be referred to as check requisitions, warrant requests, accounts payable requests, and similarly worded language explaining documents of this type.

“Write-off” means the court identifies amounts recorded in the courts case and financial records that have been determined to be uncollectible (See definition of **Uncollectible**). The process removes the amounts determined to be uncollectible from the courts financial records showing the active monetary penalties imposed by the court; however, this does not remove the amounts from being owed by the defendant, except for when an individual is deceased. Payments should be accepted if an individual makes a payment on an amount previously written off.